Cooper (Peter)

GOOD GOVERNMENT.

APPEAL OF PETER COOPER, NOW IN THE 91ST YEAR OF HIS AGE, TO ALL LEGISLATORS, EDITORS, RELIGIOUS TEACHERS, AND LOVERS OF OUR COUNTRY.

BY

PETER COOPER.

The true object of all good government must forever be the organization and execution of all constitutional laws, that are necessary and proper to "establish justice . . . . . and promote the general welfare" of the nation.

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Peter Cooper

Should you feel disposed to notice this pamphlet, you would greatly oblige the author by sending him a copy.

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GOOD GOVERNMENT.

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THE experience of a long life has compelled me to believe that the Constitution has made it the imperative duty of Congress to take and hold the entire control of all that should ever have been allowed or used as money for the nation's trade and commerce. All articles are measured and weighed in reference to the amount of money that would be a just equivalent in all the varied exchanges, where one form of labor and property is given for others.

The failure on the part of the general government to obey the first mandate of a Constitution, that vests the power of coining money and regulating the value thereof in the United States, without directing whether it should be coined from gold, silver, copper, nickel, or paper.

The regulation of the value of money can only be accomplished by a law of Congress, that will declare the exact amount which may be legally collected for the use of, or interest on, money.

A few facts of history and of public record will not be out of place here :

1. In 1861 a great civil war broke out in the country, involving the integrity of the Union.

2. In 1862 began the Legal Tender Act, which was framed to supply the means, men, and money to sustain the government.

A loan of two hundred millions was effected with the State banks; but when they found that their notes were to be deposited in the "Sub-Treasury," *and not left with the banks*, subject to check, and that they *might* be called to *redeem their notes in coin*, they threw up most of the loan, and offered their *irredeemable* notes to the government, as money. (See Spaulding's History of the Legal Tender Money.)

3. Secretary Chase preferred "*the credit of the government, cut up into small pieces, and circulated as money.*"

4. Then began the Legal Tender Acts, which put into the circulation, in the course of eight years, about $2,800,000,000 in different forms of legal tenders, of which $430,000,000 was in the form of greenbacks. Every one of these Acts was accompanied with a *Funding Section*, which provided for the withdrawal of the legal tenders from circulation, and the funding of them into "long bonds," mostly six per cent. interest, payable in coin, and in five or in forty years at the option of the government. (See Spaulding.)

5. These Legal Tenders passed into the circulation as money, and in the course of ten years—from '62 to '73—were gradually absorbed in the "long bonds;"—withdrawn from the circulation, because the capitalists preferred the credit of the government, thus extended to them at six per cent. in coin, to any private investment of their money in the labor and enterprise of the country at large.

This was largely due to *foreign capitalists*, who were eager to invest their surplus capital in the government, *at a gold valuation* of the legal tender, which had then sunk to forty and fifty cents on the dollar in gold—and, still further, were payable *in "store orders" on foreign goods.*

6. The capitalists overdid the "absorbing process," having reduced the legal tenders to a legal currency of about $350,000,000 and brought the "panic of 1873."

7. Meanwhile, by the Bank Acts of 1863–64, the national banks laid their plans of turning the bonds into bank currency *without surrendering the bonds.* The government made the bank circulation *as good as greenbacks*, and redeemable in greenbacks.

8. But the greenbacks must be brought under the *domination of gold*—not merely to an equal value, and made *convertible* into gold over the business counter, but *redeemable* by the full stress of the law. The whole responsibility of redeeming both the national bank currency and the greenbacks, is thus thrown on the government, which can do this in no other way, if the notes are not *convertible in an open market, than by issuing more coin bonds.*

9. In pursuance of this policy of the gold capitalists, the government was induced to pass the "Act to strengthen the Public Credit" (with the European capitalists) in 1870, making the whole public debt *payable in coin;* then, soon after, *surreptitiously* demonetizing silver, by stopping the coining of the silver dollar, and thus making gold the sole legal tender for the paper. But this monstrous legislation was repealed when the *object* became too apparent.

10. Finally, the Act of 1875 made it compulsory on the Treasury of the United States to resume specie payments on January 1, 1879. This was the culmination of the gold and coin domination.

According to Spaulding's Financial History of the War (p. 201), the public debt of the United States stood on the books of the Treasury, October 1, 1865, at a total of $2,803,549,437. According to the same author, who is a strong advocate for specie payments (page 10, Introduction), out of this debt, in 1864, "the inflating paper issues, outstanding, were over $1,100,000,000,"—and gold reached its highest quotation, 2.85.

Now, be it remembered, that although a few money-changers, speculators, and importers were willing to give $2.85 of paper for one dollar in gold, yet the people were using this paper to buy flour and exchange their commodities at prices that were far less than this inflated price of gold.

Gold was no longer the standard of exchange, except in foreign commodities, where "balances" had to bepaidin gold. The internal trade, commerce, and industries of the country were steadily increasing, and never before so flourishing as during the time of this famine for gold. In an evil hour, it became the policy of this government to reduce all our paper currency to the standard and par value of gold. This was attempted by the withdrawal of the paper currency as fast as practicable, and by absorbing the same, by an arbitrary law, into a debt for so much gold as the face of the paper, in the shape of gold bonds, bearing the yearly interest of six per cent. in gold! In the course of less than eight years this change was effected, and the people's money and currency of all kinds were reduced subsequently from $2,192,395,527, as represented on the Treasurer's book on September 1, 1865, to the sum of $631,488,-676, on the 1st of November, 1873, making a reduction of the currency in eight years of $1,561,906,851! (See Congressional Record, March 31, 1874, speech of John M. Bright, of Tennessee.) This brought on the panic of 1873 and all our present financial troubles. Although a part of this vast sum was a kind of currency, that drew interest, and, therefore, partook also of the nature of an investment, yet, as Mr. Maynard, Chairman of the Committee on Banking and Currency, said, from his seat in Congress, on occasion of Mr. Bright's speech, "those issues were engraved and prepared in a form to circulate as money, and, as a matter of fact, did so circulate," until either they were funded or "the interest accumulated so

as to make them superior to the ordinary class of currency." But this stupendous decrease in the people's money—the very tools of their trades and enterprises of every description, the use of which they had fairly earned by the blood and sacrifices of a great war, and the beneficial effects of which were proved by the great activity in business and trade which it engendered as long as it lasted—this great reduction in the money of the people was made by methods equally unjust, as they were disastrous to the prosperity of the country.

This paper currency was absorbed by interest-bearing gold bonds, bought by the paper, which in its turn had been purchased by gold at 40, 50, and 60 per cent. discount; thus turning the debt of the country to one of twice its value in paper, and paying for the gold bonds at half their value in paper. This was done at a time when this paper currency was doing the nation all the good that so much gold could do for our domestic prosperity and trade. The people were building up the country with a rapidity unexampled before, with this paper, which, if it had been fully honored by the government that issued it, and received for all imports, duties, and debts, and allowed to be exchanged at par for bonds at an equitable rate of interest, would not have permitted any premium on gold.

A HAPPY INCIDENT FOR AMERICA.

In 1879, a fortunate incident for America happened: the crops failed all over Europe, which forced the people to look to the United States for supplies. This brought millions of gold, that seemed like a special Providence; for without it our unwise specie resumption would have brought ruin all over the country; because our real estate and other commodities would have been at the mercy of foreign and domestic gold-mongers, in whose favor Congress has been legislating since 1862.

Now (1880) Europe has average crops, and we cannot expect the millions of gold we had last year. Let us hope the specie resumption will prosper without European gold, that relieved the pressure, in 1879. Such an unfortunate incident for Europe, and fortunate for America, it is to be desired, will not soon occur. What then will prevent gold speculation, pressure, and ruin? Congress should at the earliest opportunity create a currency, based on the property of the nation, reserving gold merely for foreign exchanges, so that

speculators could not interfere with it. The people are now used to, and prefer a national paper currency from a ten cent to a one hundred dollar bill; there is no reason why they should not have it, being their only salvation from knavishly contrived periodic gold panics by holders of gold in our own and foreign countries.

I ever did and ever shall advocate a purely national currency, as long as I live, as the only remedy against periodic stagnation, caused by special legislation, suggested and voted by banking representatives and speculators in the seats of our Congress, forbidden by law, as may be realized by what follows:

The wise men who achieved the Independence, drafted the Constitution, and established our government, well knew that it was unsafe to trust the governmental law-making to bankers, usurers, or any one interested in such business. They knew it was morally impossible for persons interested in money-lending not to attempt to legislate in their own favor, and *against* the good of the people.

On page 20 of the Journal of the United States Senate, first session of the Third Congress, commenced at Philadelphia, Pennsylvania, December 2, 1793, can be found the following resolution, offered on the 23d of December the same year, and passed by the United States Senate with but two dissenting votes, and signed by George Washington, President, and John Adams, Vice-President: "ANY PERSON, HOLDING ANY OFFICE OR ANY STOCK IN ANY INSTITUTION IN THE NATURE OF A BANK FOR ISSUING OR DISCOUNTING BILLS OR NOTES PAYABLE TO BEARER OR ORDER, CANNOT BE A MEMBER OF THE HOUSE WHILST HE HOLDS SUCH OFFICE OR STOCK."

Yet, a late Congress was composed of *one hundred and twenty bankers*, ninety-nine lawyers, fourteen merchants, thirteen manufacturers, seven doctors, four mechanics, and not a single farmer or day laborer. This is agreeable to a statement made by Moses W. Field, M. C.

I think this law was invoked to prevent A. T. Stewart, the largest importer of foreign goods, from becoming Secretary of the Treasury.

Why should it not be enforced now to oust speculators from our Congress, where they are making laws in their own favor and against the interest of the people?

As a further evidence of the danger that must result to the American people by our present system of National Banks, authorized as they are to issue paper money, "promising" to pay gold and silver on

demand, it should be remembered that no *ten years* have passed in the history of our country without a failure of our banks to pay coin. This danger was made to appear in all its frightful proportions by the testimony of Mr. S. B. Chittenden, Member of Congress from Brooklyn, given before a Congressional Committee in 1874, appointed to inquire into the National Banking System.

S. B. CHITTENDEN'S TESTIMONY CONCERNING THE NATIONAL BANKS.

"I believe that, of 1,000 National Banks, there are not two-thirds in number sound to-day—I mean, not two-thirds in number. In the vast proportion of them the capital is *very small.*

"I know, for instance, how one National Bank was established, and I presume there were *hundreds* established in the same way.

"I say I know a National Bank of $100,000 capital (so represented), where a broker in New York purchased $100,000 in government bonds and paid for them.

"The owners or organizers of the bank furnished the *margin* between the ninety per cent. in currency, which they were allowed to draw on deposit bonds, and the *cost* of the bonds, and that margin was *all the capital that was ever put into the bank.* [And that $10,000 didn't go to the bank—it went to pay for the bonds.]

"The broker sent the bonds to Washington to get his $90,000, or ninety per cent. on the dollar in national bank notes, already having the *margin* from the gentleman, who established the bank, while he reimbursed himself with the $90,000 in national bank notes drawn on the bonds.

"The bank was one of the first to suspend in the crisis of 1873, but *resumed* again shortly, and is going on as before. It has a *banking house, which cost over thirty thousand dollars.*"

There you have the facts in a nut-shell; and Mr. Chittenden never having manifested the first symptoms of Greenbackism, but being a well-known bitter opponent of the "people's money," his testimony should be accepted as conclusive.

It will be noticed particularly that there was "*not a dollar* in the bank" of which Mr. Chittenden testifies—and that "in a vast proportion of the banks the capital is *very small.*"

It would be safe to "strike an average," and place the bank capital at ten per cent. "cash," and ninety per cent. "confidence."

The testimony of Mr. Chittenden will show that our present system of National Banks is a moneyed power, that is more able to inflict on the American people the greatest possible amount of suffering, like that which is now passing the real estate of our country rapidly out of the hands of the many into the possession of the few.

SENATOR JONES ON HASTY LEGISLATION.

I do heartily agree with Senator Jones, when he says that "the present is the acceptable time to undo the unwitting and blundering work of 1873; and to render our legislation, on the subject of money, consistent with the facts, concerning the stock and supply of the precious metals throughout the world, and conformable to the Constitution of our country."

I sincerely hope, that the concluding advice of Senator Jones will make a living and lasting impression, when he says, speaking to the Senate, "We cannot, we dare not, avoid speedy action on the subject. Not only does reason, justice, and authority unite in urging us to retrace our steps, but the organic law commands us to do so; and the presence of peril enjoins what the law commands."

The Senator states a most important fact, and one that all know to be true, "that by interfering with the standards of the country, Congress has led the country away from the realms of prosperity, and thrust it beyond the bounds of safety." He says, truly, "to refuse to replace it upon its former vantage ground would be to incur a responsibility and a deserved reproach, greater than that which men have ever before felt themselves able to bear."

Why the Senator's patriotic advice was not taken, those who listened to and neglected it best know.

SIR A. ALISON ON OUR PAPER CURRENCY:

It is worth while to observe that Sir A. Alison, who speaks so wisely on this subject in reference to the history of his own country, while scanning a few years ago the prosperity of our country during the war of the Rebellion and immediately after, has a foreboding of what might happen, and remarks: "The American Government may make financial and legislative mistakes, which may check the progress of the nation and counteract the advantages, which paper money has already bestowed upon them; they may adopt the unwise and unjust system, which England adopted at the

close of the French war; they may resolve to pay in gold, and with low prices, the debt contracted with paper, and with high prices. But whatever they may do," he adds, "nothing can shake the evidence, which the experience of that nation during the last six years affords of the power of paper money to promote a nation's welfare."

W. W. ALLEN ON TAXATION:

What the English sage apprehended came to pass; for it appears, by a speech of W. W. Allen, Esq., that there had been drawn from the people, in the shape of taxes and duties, during eight years between the 31st of August, 1865, and the 1st of November, 1873, the amount of $631,488,677, making a reduction of the national debt in eight years of $631,488,677, showing that an annual amount of $195,113,356 has been drawn from the people in the shape of taxes and paid towards the extinguishment of our national debt. This amount was over and above the amount drawn from the people to pay all the expenses of the government, in addition to the amount required to pay the interest on the national debt.

Such a rapid withdrawal of the people's means from their ordinary business is quite sufficient to account for the ruin now brought on untold thousands of the American people.

Let us consider this subject more closely. If we admit that there is at any one time only a certain amount of gold in the world, it is certain, that our community or nation cannot obtain more than its share without leaving all the others in a deficiency—at least for a time.

By this means one nation has the power to derange the exchanges, and through these, the industries of every other country. The caprices and power even of a few large capitalists can do this. It would be, therefore, an unwise policy for our government to allow this one article of gold, that all nations are struggling to obtain by the use of all the arts that human ingenuity can devise, and which must be employed in settling all balances of trade between different countries, and which, as a product of nature and of human industry, is uncontrollable by any law that the government can devise—to make this the standard of all values and the legalized measure of all trade and exchange in this country, would be in direct opposition to the opinion of many of the wisest statesmen that our country has produced. This will appear by the following expression of their views:

JEFFERSON.

Vol. VI., p. 199, Jefferson's works, letter to Mr. Eppis.

"*Bank paper must be suppressed and the circulating medium* must be *restored to the nation, to whom it belongs.* It is the only fund on which they can rely for loans; it is the only resource which can never fail them, and it is an abundant one for every necessary purpose. *Treasury bills, bottomed on taxes, bearing or not bearing interest, as may be found necessary, thrown into circulation, will take the place of so much gold or silver,* which last, when crowded, will find an efflux into other countries, and thus keep the quantum or medium at its salutary level."

Also the great statesman and philosopher, Benjamin Franklin, in Vol. IV., page 82, of his work, says: "Gold and silver are not intrinsically of equal value with iron. Their value rests chiefly in the estimation they happen to be in, among the generality of nations. Any other well-founded credit is as much an equivalent as gold and silver. Paper money, well founded, has great advantages over gold and silver, being light and convenient for handling large sums, and not likely to have its volume reduced by demands for exportation. On the whole, no method has hitherto been formed to establish a medium of trade equal in all its advantages to bills of credit made a general legal tender.

"There seems no evading this conclusion. The greater the prevalence of fraud, the greater will be the number of transactions, in which the seller will part with his goods only for an equivalent of intrinsic value; that is, the greater will be the number of transactions, in which coin is required, and the more will the metallic currency preponderate. On the other hand, the more generally men find each other trustworthy, the more frequently will they take payment in notes, bills of exchange, and checks; the fewer will be the cases in which gold and silver are called for, and the smaller will be the quantity of gold and silver in circulation." Vol. VIII., p. 33.

HORACE GREELEY'S PLAN.

"Let Congress make our greenbacks fundable at the pleasure of the holder, in bonds of $100, $1,000, and $10,000, drawing interest at the rate of one cent a day on each $100 (or $3.65 per annum), and exchangeable into greenbacks at the pleasure of the holder.

"Now authorize the Treasurer to purchase and extinguish our outstanding bonds, so fast as it is supplied with the means of so doing by receipts for customs or otherwise, and to issue new greenbacks whenever large amounts shall be required, every one being fundable in sums of $100, $1,000, $10,000, as aforesaid, at the pleasure of the holder, in bonds drawing an annual interest of $3.65 in coin per annum, and these bonds exchangeable into greenbacks whenever a holder shall desire it.

"Our greenbacks, which are now virtual falsehoods, would be truths. The government would pay them on demand in bonds as aforesaid, which is in substantial accordance with the plan on which the greenbacks were first authorized."

WENDELL PHILLIPS.

"No observer can fail to see, in the measures which the banks forced the Treasury to submit to, or deluded it into adopting, two distinct intentions. During the war every effort was made, and every trick used to artificially and unnecessarily depress the national credit, so that capitalists could buy its bonds at the very lowest price. As soon as the war stopped, every expedient was resorted to by capitalists to artificially and unnaturally raise its credit and increase the burden of the debt, which they had bought at less than 50 cents for a dollar.

"For instance, the original treasury note was receivable for duties and imports, and could be exchanged for a 5.20 bond. The money changers forced the government to repeal these two provisions, making the greenback not receivable for duties or the bond. The capitalists then forced the government to create two methods of payment, one to its common creditors, contractors, soldiers, laborers, etc., in greenbacks; a second to bondholders, whose interest was to be paid in coin. These changes probably cost the nation a thousand million dollars, and put that amount into the pockets of bondholders *during the war.*

"After the war, or just at its close, the bonds were relieved of taxation, and in 1869, made payable in coin. It is *far within the truth* to say, that these two measures unjustly and unnecessarily increased the burden of the people's debt by another $1,000,000,000. Then, in 1865, began the policy of contraction; and, in 1873, silver was demonetized—two measures which have cost the nation at least

double what the war cost, probably $10,000,000,000, by the bankruptcy they have created.

"This, briefly, is the history of the Republican party's financial management during the last eighteen years."

JOHN C. CALHOUN'S OPINION.

The following is an extract from a speech of Hon. John C. Calhoun, in the Senate of the United States, on the currency issue, and is eminently appropriate to be quoted in the prevailing discussion. Mr. Calhoun said, Vol. III., p. 83:

"It appears to me, after bestowing the best reflection I can give the subject, that no convertible paper—that is, no paper whose credit rests on the promise to pay coin—is suitable for a currency. It is the form of credit proper in private transactions between man and man, but not for a standard of value, to perform exchanges generally, which constitutes the approximate function of money, or currency." Then on page 87: "No one can doubt but that the government credit is better than that of any bank—more stable and more safe. . . . Bank paper is cheap to those who make it, but dear, very dear, to those who use it. On the other hand the credit of the government, while it would greatly facilitate its financial operations, would cost nothing, or next to nothing, both to it and the people, and would, of course, add nothing to the cost of production, which would give every branch of our industries—agriculture, commerce, and manufactures, as far as its circulation might extend, great advantages both at home and abroad; . . . and I now undertake to affirm, and without the least fear that I can be answered, that a paper issued by government, with the simple promise to receive it for all its dues, leaving its creditors to take it, or gold or silver, at their option, would, to the extent it could circulates form a perfect paper circulation, which could not be abused by the government; that it would be as uniform in value as the metal, themselves; and I shall be able to prove, that it is within the Constitution and powers of Congress to use such a paper in the management of its finances, according to the most rigid rule of construing the Constitution."

The pretensions of those, who are attempting to drive this country back to the barbarism of a metallic basis for our currency, are fast giving away for want of argument. It is being discovered, that all

the great writers, who have analyzed the subject and viewed it from a scientific stand-point, came to the conclusion that paper is superior to metal for a currency.

RICARDO.

Even Ricardo, the high priest of the bullionists, the father of the present British system, allows this. He says:

"A regulated paper currency is so great an improvement in commerce, that I should greatly regret if prejudice should induce us to return to a system of less utility. The introduction of the precious metals, for the purposes of money, may with truth be considered as one of the most important steps toward the improvement of commerce and the arts of civilized life. But it is no less true, that, with the advancement of knowledge and science, we discover that it would be another improvement to banish them again from the employment to which, during the less enlightened period, they had been so advantageously applied."

HERBERT SPENCER.

"The monetary arrangements of any community are ultimately dependent, like most other arrangements, on the morality of its members. Amongst a people altogether dishonest, every mercantile transaction must be effected in coin or goods; for promises to pay cannot circulate at all, when, by the hypothesis, there is no probability that they will be redeemed. Conversely, amongst perfectly honest people, paper alone will form the circulating medium, and metallic money will be needless. Manifestly, therefore, during any intermediate state, in which men are neither altogether dishonest nor altogether honest, a mixed currency will exist; and the ratio of paper to coin will vary with the degree of trust individuals place in each other."

* That a system of bills of credit, made a general legal tender, is practicable, is proved by the fact, that the French government has made and maintained a legal tender paper circulation, through one of the fiercest and, to them, the most disastrous wars of modern times; and, having paid a thousand millions of indemnity, their

* From my address to the Union League Club, published in the *New York Tribune*, March 9, 1877.

paper money is to-day nearly on a par with gold. This is because the government took its own paper for all dues, instead of discrediting it, by not taking it, as ours does. They take their paper also for French government bonds, which has resulted in the public debt being mainly due to their own citizens, instead of foreigners, as ours is to-day, thus becoming a perpetual tax on the resources of the country.

It will be recollected by many members of this club, that we were favored on a former occasion by Prof. White, of Cornell University, with an account of the losses, sustained by the people of France by the use of the assignats, authorized by that government. I have always regretted, that my esteemed friend, Prof. White, had not gone far enough into the true history of the rise, progress, and use of the assignats of France, to see that the injurious losses, occasioned by them, did not arise from an improper action of the republican government, but by the combined powers of the internal and external enemies of the Republic. This will appear by the following facts: The assignats of France were based on the confiscated property of the clergy and nobility, in which both the clergy and the nobility had a deep interest, that led them to denounce the assignats, as based on theft and outrage. There was another royal party that united in declaring, that their lands had been taken without any of the forms of law, and therefore the title still remained in the clergy. The parties all united in declaring, that the assignats were utterly without basis to secure their redemption. The parties never ceased to agitate war on the assignats. But finding the Revolution too strong for them, and its cause was being so successfully strengthened by conquering the enemies of liberty and of the nation, that other nations were yielding to its power, and that its armies were victorious, and that its principles, as developed by the constitution and laws, were such as reason and humanity approved, history tells us, that all the enemies of the new French government united in an effort to destroy it by circulating counterfeit assignats in every direction. The counterfeiting commenced, in 1792, in Belgium and Switzerland, and was used extensively as the best means of destroying the power of the Republic. It was found by the nobility, that Belgium and Switzerland were too much in sympathy with the revolutionists to be trusted. They then extended their operations to London, where they found more scope and greater opportunities for uninterrupted work. History charges that England lent her

aid by allowing "seventeen manufacturing establishments in operation in London, with a force of 400 men, in the production of the assignats."

It was found, that 12,000,000,000 of counterfeit francs had been circulated in France, when only 7,860,000,000 of francs had been issued by the government, showing that the danger of an over-issue was from the enemies of the government, and not from the government itself. The assessed value of the property, on which was based the 7,860,000,000 of francs was, in 1795, 15,000,000,000, showing that, as long as the confiscation of property was maintained by the government, the assignats had good security for their redemption.

EXPANSION *versus* CONTRACTION.

The following statistics from the London *Economist* demonstrate the fact, that the expansion of French government legal tenders has kept pace with the accumulation of specie, and materially develops the home industries of that country:

"Of legal tenders in April, 1869, the circulation was 214 millions dollars, and in April, 1876, 494 millions, being an increase in seven years of 280 millions, or 130 per cent.!

"Of specie and bullion in December, 1869, the stock was 247 million dollars, and in November, 1876, 432 millions, or an increase in seven years of 185 millions, or 75 per cent.!"

In 1792, *the kings, by divine right, thought they must league against France and restore a king by divine right; but they learned a lesson that taught them to let France manage her own internal affairs, in* 1876.

JOHN EARL WILLIAMS ON THE DUTY OF CONGRESS:

To the above we append the following suggestions from John Earl Williams, President of the Metropolitan Bank of this city:

"I would suggest: That Congress assume, at once, the inherent sovereign prerogative of a government 'of the people, by the people, and for the people,' and exercise it, by furnishing all the inhabitants of the United States with a uniform national currency! Surely the people, and the people only, have a natural right to all the advantages, emolument, or income that may inure from the issue of either $1,000 bonds with interest, or $10 notes without, based on the faith and credit of the nation!

"This principle, simple, clear, and undeniable, ought to be recognized as fundamental, and the only safe and proper basis, on which may securely rest all the circulating medium of the country, for the sole benefit of all the people, and not, as now, for the profit of a class of stockholders, however deserving they may be in all other respects.

"To carry into effect this principle—to substitute United States notes for bank-notes—take away, as soon as practicable, and for ever, all circulation from banks.

"They would do a strictly legitimate business as banks of discount and deposit; knowing that whatever leads to the prosperity of the whole people must be beneficial to the banks; but leaving the right where it belongs, to the United States Government, to supply the whole circulating medium of the country.

"In this connection, we must remember that banks are the creatures of law. The laws which created them may, by virtue of rights reserved, be amended, altered, or repealed.

"To those who are disposed to complain of the change as a hardship, one is tempted to ask what natural right a dozen stockholders have to receive notes from government to circulate, that any other dozen men do not possess?" As this gentleman was an eminent banker, his opinion must have weight.

One thing is certain, that the national debt can never be paid by a governmental policy, that shrinks the currency, destroys values, paralyzes industry, enforces idleness, and brings wretchedness and ruin to the homes of millions of the American people. It is equally true, that Americans can never buy anything cheap from foreign countries, that must be bought at the expense of leaving our own good raw materials unused, and our own labor unemployed. It should be remembered, that neither gold, silver, copper, nickle, or paper are money without the stamp of the government upon it. The Constitution has made it the duty of Congress to coin the money of our country and regulate the value thereof, and fix a standard of weights and measures, as the only possible means, by which commerce can be regulated between foreign nations and among the several States.

Seventeen years ago, I held it to be unsafe for the public welfare, as I now do, to allow banks to incur liabilities, payable in specie, on demand, by issues of paper and loans many times the amount of the specie they held in their vaults, or could obtain from any source, for

the immediate payment of their notes in gold, on demand. This demand was made with all the accompanying disasters of wide-spread ruin and interruption of credit and industry, in times called "panics." The effect of the panic of 1857, and the causes, are very clearly detailed in Mr. Caldwell's work on "Ways and Means of Payment."—p. 485.

Gold is a commodity, and a product of industry. Its value is determined, like that of any other commodity, by supply and demand. Why not let those who need it pay the price? Why should the necessary facilities of the *home trade* be contracted, whenever there is a demand of gold for export? This it is that subjects the whole country, from time to time, to a fall or derangement in prices and an interruption to business. My "New Departure," as my friends term it, is the result of observation and experience. I should be sorry to be among those who learn nothing from the past. "Hard money," or what is equivalent to it, a paper currency at all times redeemable in gold and silver, can no longer be relied on to answer the wants of this country. But I am as much opposed to an irredeemable currency, and an inflated and irresponsible paper money as I ever was. Our experience, as a nation, should have taught us by this time, by the "panics" of the past and the oft-repeated failures of banks, that these banks are utterly unable to redeem their notes in specie, whenever gold is wanted of them in any large quantities. It is evident, that there is some intrinsic difficulty about this redemption in specie, beyond the power either of banks or of government to control, except by methods not yet adopted by government.

It is of the greatest importance, that all the paper money, allowed by the government, should be made as unyielding in its power to pay debts as the yard-stick or the pound weight.

Our government, having been literally compelled to issue and use a legal-tender paper money in order to save the nation's life, has, by its use, caused the whole property of the country to be measured by its purchasing power. By this use of paper money the government has created a most solemn obligation on its part to do no act to increase or diminish the amount of paper money beyond the absolute necessities of the government. As an increase of the amount would inflate prices without increasing real values, in the same proportion a diminution of currency must cause all property to shrink in price, and thereby put it out of the power of the people to pay the national debt.

I do not believe in the good policy of selling government bonds, as a means of resuming specie payments, as it will soon be drained from us again, leaving our paper as it was before, irredeemable in gold; nor in the purchase of silver to take the place of the best small currency our country has ever possessed. It was a currency that served the country without interest; and gave back to the whole people whatever was *lost or worn out* in the public service. But let the currency at all times be interconvertible with *interest-bearing bonds*, and let the government not only make its money a legal tender, but receive it for all dues, and we shall hear no more either of "inflation" or of "depreciation." This is my doctrine "in a nutshell." I believe with Jefferson, and many of our wisest statesmen, that our general government is as much bound by the Constitution to hold the entire control of all that is allowed as a legal money measure, in the regulation of trade and commerce, as they are bound to fix a standard for the pound weight or the bushel measure; and that this measure of value should be made as unfailing and unalterable as possible.

WEBSTER tells us:

"When all our paper money is made payable in specie on demand, it will prove the most certain means, that can be used to fertilize the rich man's field by the sweat of the poor man's brow."

It will do this by ensuring the periodical return of those scenes of panic, pressure, general bankruptcy and ruin, that have so often changed the values of all property and labor, some twenty-five or fifty per cent. in a single year, whenever it was for the interest of foreign creditors or merchants at home to withdraw a few extra millions from our banks, as they did in '57, when a withdrawal of only seven millions produced the panic of that year, which sunk the values of all the property of our country to the amount of thousands of millions of dollars. These millions were taken from the farmers, mechanics and merchants, who were in debt, and put in the possession of those who had the means to buy at the ruinous rates at which property of all kinds was compelled to be sold, thus making, as it ever must, the rich richer, and the poor poorer.

There can be no security for any man that is in debt, until our general government shall perform its most important duty, which is not only to establish a just system of money, weights and measures, but a system of legal-tender paper, in amount equal to the

amount put in circulation at the end of the war by the necessities of the government; for labor and property had been given for every dollar allowed to circulate as money.

Such a legal-tender paper would be a bond and mortgage on the whole property of the country, and a bond of union among the States, and would leave gold and silver to be an article of commerce in the hands of those who hold it.

Free trade is beautiful in theory, and will be in practice where all things are equal and peaceful in the relations of nations, and rapid transit shall go far to annihilate space.

Our government, having allowed and used paper money, until the day's labor has been made to cost at least one-third more than a similar day's labor would cost in other countries, to bring about an equality in trade, will require a tariff, based on the difference in the cost that will purchase a day's labor in our country, as compared with that of foreign countries.

If the farmers desire to secure for themselves a reliable market and the highest price for their product, they must use the means best calculated to effect that object—they must encourage the manufacture of the articles they consume and have them made as near their homes as possible. This should be done wherever good raw materials can be found, that can be put into forms of usefulness with as small expense of labor in this country as in any part of the world.

If I am not mistaken our country will rise out of its great embarrassment in a way that would astonish the world, if our government would perform what was and is its first and most important duty.

The Constitution made it the duty of Congress to adopt measures that will "establish justice;" that is the only means by which the "common welfare can be promoted."

To establish justice for a nation there must be created and maintained a just and uniform system of money, weights and measures.

George W. Dean tells us:

"Our government can only hold its power as a free system by avoiding in future all special, partial, or class legislation, and by the enactment of only such general laws as are necessary and indispensable to establish justice. Justice can only be established 'and the general welfare promoted' by the government holding entire control over all that is allowed or intended to measure or weigh

the different forms and values of labor in its course of exchange from one person to another.

"The unparalleled prosperity of France, fresh from her disastrous war, can only be attributed to her wise protective policy, which results in having annually a balance of trade of over one hundred millions in her favor.

"I favor a free list and low duties for all necessary productions imported, which we ourselves do not produce and sell.

"A tariff for revenue, and not for the protection of American industries, would quickly cause our great republic to be reduced to the level of European countries—for workingmen, a country to migrate from, to seek elsewhere work and a living.

"Our American people cannot support all other nations' industries and our own beside, as low duties now cause us to do. A tariff law for American industries alone would dissolve this ruinous and unnatural division of our market, as was found necessary to do after the bankruptcies of 1837 and 1857, to our country's immediate relief from depression of business."

The war of the Revolution was a war of resistance to a war of commerce then being forced by the mother-country on the colonies. Our conquest of a country did not deliver us from the consummate power of highly-educated British diplomats, whose business it has always been to find the weak places in surrounding governments, and to so control the legislation of those countries, as to make them tributary to the wealth and power of Great Britain. These diplomats, after having secured for their own manufacturing interests more perfect protection and more perfect mechanical powers, than any other nation possessed, have enabled their government to gain greater advantages by their war of commerce on our own country, than they could have gained, if the colonies had remained entirely under their own control. Such has been the consummate ability, that foreign diplomacy has been able to exert in a war of commerce, which has brought our country in debt to foreign governments to an amount, the interest on which is now equivalent to a large proportion of the agricultural export of the country. This state of things must continue or grow worse, unless our government will raise its whole revenue out of duties on imports, and relieve the country from all forms of direct taxation.

THE

UNMEASURED IMPORTANCE

OF AN

UNFLUCTUATING NATIONAL CURRENCY

OVER WHICH THE GOVERNMENT HAS ENTIRE CONTROL.

AN INTERVIEW OF A REPORTER WITH PETER COOPER, AS PUBLISHED IN

The New York Herald.

REPORTER.—But do you mean to say, Mr. Cooper, that a government has no need, and should never borrow from individuals and corporations?

MR. COOPER.—I think that a republic like ours, with its forty millions, with its enormous extent of unoccupied land, its wonderful resources, and its enterprising people—equally marvelous for their growth and the increase of their wealth within the century—has no need to borrow from anybody. Why should this people borrow, as a private debtor? If, in their sovereign capacity through the government and under constitutional and legal forms, they can lay under contribution the whole property, and the services of every man, in protecting the lives and property of all, they certainly can issue tokens of this undoubted fact, in the shape of legal tenders; and these become, by this act of sovereignty, the money of the country, the measure and the means of exchanges. The people, who give them, in their sovereign capacity, must take them in their private capacity, and again receive them in their sovereign capacity as the government, for taxes. This makes their circulation and their use. But the significance of these paper "legal tenders" is that they are tokens of such service or material rendered to the government; and they are also promises to render an equal amount of money, service,

or useful material in exchange, to the holder, by the government, etc. . . . The government keeps its promise to pay in three ways: First, by accepting these paper promises, as they may be called, for all taxes and dues to the government. Secondly, by compelling every individual to accept them in payment of all debts. And finally, by redeeming them in that which the holder of the currency shall accept as equivalent value, the government bonds, thus distributing burdens and benefits over the whole country.

REP.—But this is only compelling individuals to accept one token of debt for another. How is the public debt to be paid at last, and how shall we get out of this vortex of promises to pay?

MR. C.—In one sense, there is no need to get out of this vortex; the planets move in a vortex; the whole of society, and the universe, as far as we see it, move in vortices. This is the grand law of motion and circulation. But circulation also signifies growth, and ministers to it. Parts of every circulating medium settle down to something solid, which makes a part of the organism, keeps up its integrity, and adds to its growth. The circulating medium of money settles down, at last, into something solid in interest and property, under the same law of conversion, that makes each drop of blood contribute to bone, muscle, or other organ of the body. For instance, New York City is building a great series of piers and wharves, for the accommodation of its present and future commerce and trade. It is demonstrable, that these piers and wharves will pay in rents to the city, not only the interest, but the principal of all the money invested, in twenty years. The city issues its bonds for this work, which represent a certain amount of interest and principal. But the city, not having the right to issue money, offers its bonds for sale to the banks, or to private individuals, which are henceforth alienated from the possession of the city, in order to get the money or currency to pay for labor and material in this public work. You might ask, why should not the city keep these bonds in its own safes, and issue the money for current expenses on its own authority and credit? I answer: Because that would be an act of too great a local sovereignty —though it is no more than is now virtually conceded to local banks. Let the general government, then, in its sovereignty, make such a currency, so based and secured, a legal tender. Then, when this work is done, and begins to pay to the city rents, let the income be applied to the extinguishment of the bonds, as well as keeping it in repair. This is what I mean by settling down a circulating medium

or currency INTO SOLID MATERIAL, and capital, organized into permanent use.

This makes a circulating medium always expanding and always contracting into a solid form. The true design and highest function of currency and credit are to encourage and stimulate industry and enterprise in useful forms, and to promote the work by giving the very tools with which it can be done. It represents the material value of the products of labor in process, and not yet complete; for which it provides merely the current wages or support, till the fruit of labor comes to maturity, when that pays for all.

REP.—Mr. Cooper, what is your opinion of the present banking system?

MR. C.—Financial institutions are very useful, and will always be necessary to carry on the commerce, trade, and industries of the country. They concentrate capital in financial centers, from which it is again distributed all over the country where it is most wanted. I regard a banking system, properly confined to the collecting and loaning out of the real capital, in aid of all useful enterprises, as a national blessing. But, incidentally, banks do a great deal of mischief by doing business, in part, on a bad system and on false assumptions. They often confound the distinction between credit and capital, and do business on credit without capital. Credit must be distinguished from capital. Credit cannot be borrowed or lent; it can only be *given*, or exercised by one mind toward another. Capital is borrowed and lent, for it can be passed from hand to hand. The one is very necessary to the other; for capital supports credit, and credit sets capital to work in multiplying capital; thus preventing the latter from waste and loss of it. Credit and capital, therefore, naturally imply each other, and are necessary to a mutual existence. It is death or disaster to both to separate them. Financial troubles may come from the want of capital, or credit, or both.

REP.—But how do you account for our present financial troubles?

MR. C.—Our present financial troubles, doubtless, began in the want of sufficient capital, at command, to carry on certain great and small enterprises to successful issues, in which the parties asked more credit than there was capital to back it. But when these parties failed, it gave a shock to credit; this paralyzed the active use of capital, and withdrew it still more from the support of credit, until a "panic" came. For people did not know where or when this trouble would stop. Like a crowd in a public building, the rush

for escape, when there is an alarm given, bears no proportion to the danger; but it soon substitutes a far worse source of destruction and suffering in the "panic." And, as in this case, the trouble is soon relieved by opening wide the doors of egress, so, in financial panics and troubles, the true remedy is *expansion* of credits and capital, and not *contraction*.

REP.—But what have the banks to do with all this?

MR. C.—I have not, as yet, mentioned the chief source of our financial troubles and panics; it is the false system which our financial institutions mix up with what is true in them. They rest much business on a "false bottom," which may drop out at any time. They lend their credit without sufficient capital to back it, and call it "lending capital." The old system of banks, which some are now anxious to renew, lent out three and five dollars in paper to one of gold kept for redemption. Their capital was to the credit they assumed as one to three, five, or more; consequently, when the capital promised by the paper was called for, as sooner or later it must be, so much of the credit came to naught, involving loss to the banks, not of their *capital*, but of their *sham credits*. These "sham credits" meanwhile had transferred a great deal of real property from the hands to which the property belonged to those who held the temporary credit. This injustice and wrong comes to the surface, at short intervals, in the shape of "panics" and financial distress. The present system of banks, although not doing business on a specie basis, yet introduces a "false bottom" to business in another way; they do a large amount of business on their depositors' capital. If the "deposits" are called for faster than the bank can return them, the bank fails in its credit, but loses comparatively little. The loss of real capital falls chiefly on the trusting "depositors." This system goes smoothly, transferring property and facilitating trade, till the capital implied by the credit is needed in substantial form. The promise can no longer be put off; the payment is required; then the false props are all taken away, and financial ruin is the result. Credit given to brains, muscle, industry, and enterprise is one thing, and credit given to actual products and estates is another; but still, credit, based on either, is a *real credit*, because brain-work and enterprise are just as real as the material products to which they give existence. But credit based on mere *assumption* or *supposition* of capital is not properly based. It is a bogus credit, that looks like the real thing, but sooner or later fails entirely.

If the government does not require the banks to redeem their notes either in gold or in bonds, or if it allows them to coin their deposits into loans, it gives them the privilege of giving others the use simply of the banks' credit, far beyond their capital. The banks have done too much of that business already.

REP.—What, then, would be your remedy for this false system of banking?

MR. C.—The true remedy for all these financial shams and pretenses, that transfer the property of the real owners to those who are mere financial agents, is to permit the banks to do business only on real money or legal tender, interconvertible with bonds. This will convert all money into a safety fund, and make it unnecessary for banks to loan their deposits, which they can always fund in government securities, and have them again "on call." But this system will expand the real credits, which the banks can give, based all on real capital, and make such credits equal to the wants of a new and expanding country like ours, with institutions that stimulate the industries, the enterprises, and the powers of this people, beyond anything that history can yet show.

REP.—But, Mr. Cooper, I do not understand what you call "*real money*." Is not gold and silver the only real money, and all other forms merely representative of value?

MR. C.—No, sir; gold and silver are not the only real money. The precious metals are constituted money by the same authority, and for the same purpose, that paper may be employed as money. Money is purely a creature of law. All metals must be coined by authority before they can pass as money; and the proof of this is in the fact that the precious metal, stamped and made into money by one government, will not pass as such under the jurisdiction of another. Foreign coin is never a "*legal tender*." This being the case, we must look to something else as the *essential characteristic* of money than the exchangeable value of the substance of which it is made, which makes it a commodity in any market. The value of money depends upon two conditions only, both of which are governed by law, and only one of which depends upon demand and supply, as do the values of pure commodities. The first condition of giving value to money is to make it a legal tender for all private debts, and also the taxes and dues of government. This gives it a purely legal value, and makes it like a mortgage on property, and also like a note of hand, issued by the government, and secured as well as redeemed by

its taxing power and authority over the whole property of the country. The second condition of value in money is, that it should be *rentable*, like any other capital, or bear some interest to the lender. This can also be fixed by law, as in laws of usury. But the government can go further than this, in giving a legal value to its own legal tender in shape of paper money; it can make this legal tender fundable at a fixed rate of interest, payable either in coin or in its equivalent paper. The bonds of the government thus give a secondary or vendible value to the paper money, which makes it like any other commodity, rentable and of a market value. This being a fact, it shows that, in all the proper qualities of *real money*, paper money can be made such by the government that issues it, as gold or silver coin —it will pay all your debts and taxes, and also has a market value, because it is rentable or loanable.

REP.—But not abroad; you cannot send this money abroad.

MR. C.—No, you cannot send any money abroad, except as commodity vendible, which takes from it the character of money. But this is an advantage in the use of paper money, which, being an indispensable measure of values at home, and a necessary means of exchange, should never be taken from the trade and domestic uses of one country to be exported as commodity to another.

REP.—But what would you have the government do in reference to its present policy?

MR. C.—The course is plain. Let the government issue, not only all the legal tenders, but all that passes in the shape of money—all should have the "image and superscription" of the government, whether it be coin or paper. Let the government start from a fact, that there has been, and is now, through its instrumentality and necessities, so many millions of legal tenders and bank paper or currency set afloat, which, with the government bonds now out, represent so much credit, resting on the honor and ability of the government to pay, but furnishing, also, the basis for a great amount of credit in the financial system of the country. On this the country has been depending, and with this it has been at work, in all its industries and trade, since the credit paper came into existence.

The government has no right to take away these tools, that have set so much work on foot, from the people. IT IS NOT JUSTICE. Suppose a man has engaged another in the enterprise of building a house or factory, by promising to furnish all the tools, and by giving

a certain valuation or rent for it when it is finished. Then, at a certain stage of the process of erection, the proprietor takes away a part of the tools necessary to finish the work, and, moreover, diminishes the valuation of both work and material. Would not that be considered a great act of injustice, especially if the builder had no remedy in law against the proprietor? Now, this is precisely what the government has done to the industrial part of the nation, with the additional injustice of COMPULSION in its dealings with the people, who are not the moneyed and the governing class. The government, during a time of great exigency, issued millions of credit paper, on the strength of which the people willingly furnished labor and material to carry on a war of self-preservation against rebellion and disruption. But not only that, the people began to build up the country on the strength of this same credit paper; they set on foot new enterprises, built railroads, factories, and opened new mines and farms on the same credit, and by the facilities for paying labor and material which this government currency afforded. After the war was over the government began to contract this currency, and to tax the people, in order to buy its bonds before they were yet due; which policy contracted credit so much the more; and it has continued to pursue systematically a policy of contraction, for the purpose, as alleged, to resume specie payments on this currency. The people do not want specie; they want the money already given them NOT TO BE WITHDRAWN; they want their labor and material freely given to save the country, or to build it up, to be valued by the same standard as that by which it was measured when they began to work. The moneyed class obviously want scarce money and high rates of interest. This gives them more power and less expense. But the advantage of the whole people, including this very moneyed class, if their interests were rightly understood, is to have credit easy to the industrious, the honest, and the enterprising, and the interest of money more nearly equitable.

REP.—I understand you, then, Mr. Cooper, that you regard this whole contest about the currency as a conflict between the "vested rights" of the whole moneyed class and their interests, "but ill understood," and the rights and interests of the whole people; that you regard the whole legislation of Congress on this subject, with little exception, as made in the interests of class, special, and partial legislation, which has been, thus far, the bane of our republican institutions; because, under forms of law, it sacrifices the people to

classes of special privileges; and I understand your present remedy for all the present evils, and all the future that are likely to occur from our system of finance, is, that government alone issue all currency and whatever circulates as money, and makes this currency *interconvertible* with bonds, which the government can control, and not with gold, which it cannot control; and further, that the government start in the present emergency from precisely that volume of credits in currency and in bonds that was set afloat by the irresistible necessities of the war for the Union; that this volume should be sustained substantially as it was soon after the close of the war, when it rose to its maximum; and be made the measure of all values, and the means of exchange for all coming time—subject only to the slow increase of volume which statistics shall justify as the increase of population, and its ratio, per capita, to the currency.

MR. C.—That is precisely what I propose; and my efforts to bring this subject before the public are heartily seconded by many able gentlemen.

No vested rights can stand in the face of the public welfare; common and statute law recognizes this principle. Hence, all vested rights can be repealed by the law-making power that conferred them. Under this principle, private property can be taken for public use, and all corporate rights can be abolished that stand in the way of the public welfare—but never without proper compensation to the parties that may be losers; and of this, the public administration must appoint the means and provide the regulations. But I propose to change the character of the bonded debt by a voluntary process.

First. Whoever needs currency must give up the government bonds for it. The compulsion here is in making every one do business and pay debts in legal tenders; and the principle for their use exclusively is, that the public welfare admits of no other money.

Secondly. Whoever desires to fund the currency shall receive bonds at a lower rate of interest than that which legitimate business now gives, but which is higher than the average yearly increase of the whole property of the country. This I would fix upon as the interest of the bonds; it is now about three per cent.

There is an element of compulsion here; but as the whole country pays the interest on the public debt, it seems but just that only that amount of interest should be paid which the increase in the public wealth justifies, and no more.

REP.—But it appears to me, Mr. Cooper, you place great power in the hands of the government by such a policy. It may lead to enormous speculations and peculations on the part of individuals and officials. Politics will become a trade more than ever, because of their close connection with finance, commerce, and moneyed institutions. Some administration may ride again and again into power, and overthrow, finally, all the free institutions of the country with a great flood of currency, which it can manufacture in unlimited quantities by a slight change in the laws, that Congress may be induced to enact at any time.

MR. C.—It would require almost a treatise on republican government to answer all your objections, and then you could not be answered, if you had no faith in free principles and democratic forms, and in the paternal functions of a government instituted by the people and for the people.

The government is already, and ought to be in a still larger measure, *paternal*. It should aim constantly to "establish justice," and organize love and right into law. If we can teach the people justice and truth, they will see to it that the "Republic suffers no detriment." There is nothing I can perceive in the policy I advise, that will place any uncontrollable power in the hands of any administration or Congress. If the law will not protect the people's rights, let provisions of the Constitution be resorted to. Let us have a "civil service" that will make office under government more of a "professional" and regular occupation than of trade and bargain for place and patronage. Let the United States embody in their Constitution, as has the State of New York, that there shall be "no special, *partial*, or *class legislation*," and make its laws on the currency conform to this provision of the Constitution.

The question of the currency is of boundless importance to the American people. The stability of our government will depend on a wise settlement of this momentous interest.

The American people will never allow this subject to rest until it is safely moored to that sure foundation of the eternal principles of truth and justice, on which our fathers placed the Constitution of these United States.

Our fathers meant that the government should be of the people and for the people. They intended to embody the "wisdom of simplicity" into law, and make it a shield of protection for the unsuspecting masses of the people against those that are resorting to all

forms of art to obtain property without labor. The framers of the Constitution would never have recommended one kind of money for the issues of the government, and another for the people.

If I have done, or can do anything to restore the tools of trade to the American people, to enable them to work out the salvation of our country from the present paralyzed condition of trade and commerce, I shall regard it as a treasure that "moth and rust cannot corrupt,"—one that will brighten, while life, thought, and immortality endure.

The following ideas were in a petition addressed to Congress, 1862:

Your petitioner desires most respectfully to call and fix the attention of Congress on the unmeasured consequences that now depend on a speedy adoption of a financial policy, calculated to maintain the force and power of the government in its struggle for the nation's life, and at the same time to give the required stability and facilities to enable the people to carry on to the best advantage all the agricultural, mechanical, and commercial interests of the country.

Your petitioner believes that every other act of legislation dwindles into insignificance when compared with an act on which all business interests are more or less dependent, and connected with the honor and life of the nation itself.

In view of consequences and responsibilities so tremendous, your petitioner does most humbly pray that no time should be lost in perfecting laws that will embody the highest wisdom and virtue of an intelligent people, for the people's benefit.

In the opinion of your petitioner the Constitution makes it the solemn duty of Congress to coin money and regulate the value thereof, of all that shall be known and used as money throughout the United States. The faithful performance of this duty by the government will more effectually secure the rewards of labor to the hand that earns it, and more effectually aid all the useful industries of the country, than any and all other measures that can be adopted.

These entreaties remained unanswered, while thousands of industrious men and women were suffering for the want of the people's money, removed from circulation by special and class legislation. Yet see how one of our leading papers speaks of the ample currency given to the nation in 1865:

"The necessities of the war, the law of self-preservation, the providing for the common defense, and the general welfare, gave us a currency, August 31, 1865, according to the report of the Secretary of the Treasury, as quoted by the New York *Times*, in 1873, of $1,552,914,892.67.

Consisting of—

United States notes, greenbacks, and fractional currency	$459,505,311 51
National and State bank notes	250,189,478 00
Legal-tender certificates of indebtedness, 6 per cent.	85,095,000 00
Legal-tender temporary loan	107,148,713 00
Legal-tender 6 per cent	33,954,230 00
Legal-tender 3.65 per cent	217,024,160 16
Total	$1,152,914,892 67

—legal-tender money for the most part, and all in circulation as money throughout the country.

"To this circulation also properly belong the 7.30 interest notes ($830,000,000) which, under the acts of June 30, 1864, and March 3, 1865, were currency according to Mr. Spinner in his letter to John G. Drew, which read as follows:

"MOHAWK, Aug. 24, 1876.

"DEAR SIR: Your letter of the 15th instant is received. I have to say that the 7.30 Treasury notes were intended, prepared, issued, and used as currency.

"Very respectfully yours,

"F. E. SPINNER."

Here the New York *Times* congratulates the country on acquiring a national currency, while the Secretary of the Treasury urges its contraction, as shown by what follows:

Mr. Secretary McCulloch, in his annual report to Congress in 1865, in which he was urging upon Congress the adoption of the contraction scheme, says: "The people are comparatively free from debt."

This he gives as a reason why it is safe to enter upon contraction —that contraction which has ruined and pauperized one-half of our people. Who can portray the experience and suffering of the American people since that fatal hour? Hoping that the people may

arouse and take the government once more into their own hands, and that our civilization may be made better through our great suffering, I will not trespass further upon the time of the House. (This is part of a remonstrance, uttered in the House by one of its members against contraction.)

When I was last in Washington, in conversation with Mr. Evarts, I said to him that I believed the time had come when this great American question of national finance must be settled, and that it must be settled in the interest of the great mass of the American people, and not in the interest of the moneyed classes, as it is now.

Extracts from my third letter to his Excellency, President Hayes:

The following resumé, found in a late paper, expresses my opinions on the whole subject of our national finances:

"THE TRUE FINANCIAL SYSTEM.

"1st. The government should issue all the currency that is used by the people, whether it be gold, silver, or paper, and it should all be made a legal tender for ALL debts, public and private.

"2d. The coinage of both gold and silver should be unlimited, and the government should coin all the gold and silver bullion it can procure, and coin without loss.

"3d. All surplus currency, now in the Treasury, should be used to cancel bonds, and thus stop interest on the same.

"4th. Government paper money should be substituted for national bank notes.

"5th. The government should secure to the people the same volume of money with which to pay their debts, that was in circulation *when these debts were contracted.*

"Government postal savings banks should be established in all our large cities and villages, where the surplus money of the people can be deposited; and the money thus deposited should be used by the government to cancel the public debt, and to promote such public improvements as would be of value to the whole people.

"Benjamin Franklin, one of the wisest men that our country has produced, when called before the Parliament of Great Britain, and questioned as to the cause of the great prosperity that was rapidly growing up in the American colonies, gave as his opinion that 'it was due to the great facility that had been given to the trade and

commerce of these States by an issue of State Treasury notes, made RECEIVABLE FOR TAXES.'

"SECRETARY SHERMAN'S FINANCIAL OPINIONS WHEN SENATOR.

"All the invalidating financial laws were passed in direct opposition to the warning advice given by your present Secretary Sherman, when in the Senate, 1869. He then described, in language never to be forgotten, the scenes of misery and ruin that would come upon our country as a *consequence* of taking away from the people the legal money they had received in payment for all the labor and property they had passed into the possession of the government in exchange for the legal dollars they had received. Secretary Sherman was right, when in the Senate, 1869, he declared that 'every citizen in the United States had conformed his business to the legal tender clause of the law, regulating the currency of the country.' He declared that 'the appreciation of the currency is a far more distressing operation than Senators supposed.' He then stated that 'it is not possible to take this voyage without the sorest distress to every person, except a capitalist out of debt, or a salaried officer or annuitant. It is a period of loss, danger, lassitude of trade, fall of wages, suspension of enterprise, bankruptcy and disaster. To every railroad it is an addition of one-third to the burden of its debts, and more than that deduction to the value of its stock. . . . It means the ruin of all dealers, whose debts become twice their (business) capital, though one-third less than their actual property. It means the fall of all agricultural productions, without any great reduction of taxes. What prudent man would dare to build a house, a railroad, a factory, or a barn, with the certain fact before him, that the greenbacks he puts into his improvement will in two years be worth 35 per cent. more than his improvement is worth? . . . When that day comes, all enterprise will be suspended, every bank will have contracted its currency to the lowest limit, and the debtor compelled to meet in coin a debt contracted in currency; he will find the coin hoarded in the Treasury, no adequate representation of coin in circulation, his property shrunk, not only to the extent of the appreciation of the currency, but still more by the artificial scarcity made by the holders of gold. . . . To attempt this task by a surprise on our people, by arresting them in the midst of their lawful business, and applying a new standard of value to their property without any reduction of their debts,

or giving them an opportunity to compound with their creditors, or to distribute their losses, *would be an act of folly* without an example of evil in modern times.'

"Secretary Sherman's whole speech in the Senate was intended to show that a nation's currency could not be contracted without bringing *ruin on the debtors* and on the *laboring classes* throughout our country.

"I am glad to find that those who are striving to drive our country back into the 'barbarism' of a metallic basis for currency, are fast giving way for want of argument. It is being discovered that all the great writers who have analyzed the subject, and have viewed it from a scientific standpoint, came to the conclusion that paper money is *superior* to metal for a currency."

Extract from MARVIN WARREN'S *Work on American Labor:*

"In 1815, the war closed by the capture of Napoleon at Waterloo. The scourge of war now being removed, it seems to have been thought that the country could endure without entire destruction a scourge far worse than the war; and the Shylocks, with Sir Robert Peel at their head, or as an associate, began to insist seriously upon a law for resumption of specie payments. And then what took place?

"Let Thomas Doubleday, in his Financial, Monetary, and Statistical History of England, tell what took place. He says: 'Prices fell on a sudden to a ruinous extent—banks broke—wages fell with prices of manufactures; and before the year 1816 had come to a close, panic, bankruptcy, riot, and disaffection had spread through the land. Vast bodies of starving and discontented artisans now congregated together and demanded reform of the Parliament. The discontents, as usual, the government put down by an armed force. As the memorable first of May, 1823, drew near, the country bankers, as well as the Bank of England, naturally prepared themselves by a gradual narrowing of their circulation for the dreaded hour of gold and silver payments on demand . . . . . The distress, ruin, and bankruptcy, which now took place, were universal, affecting both the great interests of land and trade.'

"'Peel and his Shylock backers pressed the matter of the specie resumption law, and it was passed in 1819, requiring, by its terms, specie payments to commence May 1, 1823—four years. Between the years 1815 and 1825, inclusive, by the specie resumption law,

and by the loss of confidence, growing out of its pendency, more than four-fifths of the land-owners of England lost their possessions. The number of land-owners was reduced from 160,000 to 30,000. The very farmers, that had accumulated wealth to an unheard-of extent in the eighteen years of suspension, now became bankrupt and penniless.'

The money of England during that eighteen years was irredeemable paper money; it was rag baby in its nature. The very kind of money that the ministers of finance in our country tell us is a sore evil to have. True, like our present greenback money, it was inferior to the French paper money, because it was not a full legal tender for all debts in the country. Of course, then, it depreciated some in value as compared to gold, and did not have that full and complete beneficial effect, in dispensing its benefits to all interest and to everybody, as it otherwise would, and as the French money does. But, like the French money in one respect, it was not redeemable in specie on demand, and hence it could be and was issued in quantities for the most part to adapt itself to the necessities of labor and business. Take notice, American laborers, that this period of English prosperity lasted just the eighteen years of time, that the money of England was not disturbed by redeemability in specie, nor seriously threatened so to be, and not any longer. So that English experience and French experience, as to what causes prosperity, accord one with the other, and they both are to the effect that prosperity comes at once, upon the liberation of the money or currency of the country from being redeemed in specie, and then issued in quantities suited to put the labor of the country all into active and profitable employment.

Take notice, also, just what kind of prosperity that was. It was the prosperity of labor; all honest, useful labor. It was "prosperity universal and unheard of," and it "pervaded in every part of the empire." "Agriculture, commerce, and manufactures at home had increased in an unparalleled ratio." And take notice, American farmers, the landed proprietors were in affluence, and wealth to an unheard-of extent had been created among the farmers.

Wendell Phillips, in a letter to the New York Legal Tender Club, dated August 23, 1875, though slightly inaccurate in two or three historical dates and some other forms of expression, draws a faithful sketch of this English resumption, as compared to our own now in progress but not completed. The following is an extract of the letter:

"History is repeating itself. England never knew more prosperous years than from 1800 to 1820, during which she had neither gold nor wished to have it, nor promised to pay gold to any one whatever. All that while she extended and contracted her currency without any regard whatever to gold. Her enormous trade and expenditures were all paper, resting on credit and nothing else. We had similar prosperity during the war, and after on the same terms. In 1820, England, listening to theorists, tried to put this new wine into old bottles, and dragged her business back to methods a century old—to specie. Bankruptcy, the very history of which makes the blood cold to-day, blighted the empire. It took half a generation to recover from the mistake. No man can to-day begin to show that such suffering was necessary, that it achieved any good, or that it effected any change, which could not have been as well made without it."

It would seem as though a President with his Cabinet and Congress, with such advice and facts of past experience before them, might have avoided a repetition of similar distress and ruin to their, country, in 1873. *If the resumption act was due to ignorance or carelessness, it should be reprehensible; and, if due to anything else it should be punished as treason, being unconstitutional.*

Extracts from two letters to his Excellency, President Hayes, June 1, 1877, and August 6, 1877:

Your noble course has, thus far, inspired the people with the hope and trust that you will, in the providence of God, be our country's Moses, to lead the people from a threatened bondage, that now hangs over the liberties and happiness of the American people.

This bondage has its manifold center and its secret force in more than two thousand banks, that are scattered throughout the country. All these banks are organized expressly to loan out their own money and the money of all those, who will entrust them with deposits. These loans are made to men, whose business lives will soon become dependent on money, borrowed from corporations, that have a special interest of their own. Such a power of wealth, under the control of the selfish instincts of mankind, will always be able to control the action of our government, unless that government is directed by strict principles of justice and of the public welfare. The banks will favor a course of special and partial legislation, in order to increase their power—"for even the good want power;" they will

never cease to ask for more, as long as there is more that can be wrung from the toiling masses of the American people.

Such a power should never be allowed to go out from the entire and complete control of the people's government. The struggle with this money-power, intrenched in the special privileges of banks, has been going on from the beginning of the history of this country. It has engaged the attention of our wisest and most patriotic statesmen. Franklin, Jefferson, Webster, Calhoun, Jackson, have all spoken of the danger of such a power, and the necessity of guarding against it.

In the opinion of Thomas Jefferson the Constitution has made this subject clear, plain, and positive. He says: "Bank paper *must be suppressed*, and the *circulation must be restored* to the nation, to whom it belongs."

The present Secretary of the Treasury, speaking in the Senate, when the subject of regulating the currency was under consideration, declared it to be a fact, that "every citizen of the United States had conformed his business to the legal tender clause." That Senator further declared, as appears by the "Congressional Record," that "if the bondholder refuses to take the same kind of money, with which he bought the bonds, he is an extortioner and a repudiator . . . . There is no such burdensome loan negotiated by any civilized nation in the world as our five-twenty bonds, if they are to be paid in gold." And yet these very six per cent. bonds, that were issued under a law, that made them payable in the currency of the country, have, by a *most cruel and unaccountable* change in the law, been made payable in gold—the very bonds, which had been sold at from forty to sixty dollars in gold for one hundred in currency, thereby causing a debt that now hangs like a millstone on the neck of the nation.

What must the American people think, when they come to know and understand, that a governmental policy has been adopted, which has taken from the people their currency, that was furnished by the people without cost, and turned into such an oppressive debt, as now burdens and paralyzes the industries of the country?

The amount of currency, so found in circulation at the close of the war, should never have been allowed to increase or diminish, only as *per capita* with the increase of the inhabitants of the country.

Such a currency should have been made receivable for all forms

of taxes, duties, and debts. That would have made our *national paper money* as much more valuable than gold in proportion, as it would be more easily and cheaply handled in large sums.

Our national currency must be made receivable for all purposes throughout the country, and interconvertible with three per cent. government bonds; it would then, like the consols of England, soon become an ever-strengthening bond of national union. Such a currency would have been worth more to the American people than all the gold mines that have ever been discovered on the continent of America.*

I hold our government bound to give back to the people their small currency, that was costing them nothing, and then call in the silver currency, that has been put in the place at a cost of $31,738,400, paid for silver up to April 20, 1877. This silver should be immediately withdrawn, and used in the purchase of foreign bonds, thus saving for the American people an amount of interest, if compounded, that would pay the national debt several times in one hundred years, and at the same time give the country a more con-

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* The following is a statement of the interest of money, paid by the United States since the close of the war of the rebellion. This statement shows, that $1,422,057,577 has been paid in interest in 11¾ years:

Principal—Interest bearing	$1,717,642,130
" Non interest-bearing	473,923,757
	$2,191,565,887
Interest due on above	33,092,616
	$2,224,658,503
Less cash in Treasury	154,299,886
Debt at May 1, 1877	$2,070,358,617
Debt at July 7, 1866	2,783,425,879
Reduction since July 1, 1866 (10 10-12 years)	$713,067,262

Since the close of the war, or from July 1, 1865, to April 1, 1877 (11¾ years), the interest on the public debt was $1,422,057,567, or $12 ,000,000 per annum!

The universal cry over the land is for employment. When well employed the people are well clothed, well fed, and well housed. The adjustment of the fiscal question—NOT *for one class*, but for the *masses*—must be made ere prosperity is ours. The recall from Europe of our gold bonds (by sale of commodities, placing them at low interest) and substituting greenbacks for national bank-notes, would remove grievous burdens, providing employment by stimulating our depressed industries.

Will President Hayes inaugurate this just policy, insuring general prosperity and spontaneous "resumption," or the par of paper with gold?

The true remedy for national relief from the enslavement of debt, with its burden of taxation, is the substitution of greenbacks for national bank notes.

The national banks have received since 1866 twenty-one millions of dollars interest on bonds, deposited with the government.

venient currency, which would be more than paid for by the amount that would be worn out and lost by its use. If silver change is ever needed, it can be had with only the cost of coining it by the government, as nearly all the silver, produced in the country, will go into coins, whenever the government will coin it without cost to its owners.

I find myself compelled to agree with Senator Jones, when he says that "the present is the acceptable time to undo the unwitting and blundering work of 1873." . . . "We cannot, we dare not, avoid speedy action on the subject. Not only does reason, justice, and authority unite in urging us to retrace our steps, but the organic law commands us to do so, and the presence of *peril enjoins what the law commands.*"

I have ventured this long letter in the firm belief, that the adoption of a permanent, unfluctuating national currency, as before stated, equal to the amount actually found in circulation at the close of the war, and *that amount shall never be increased or diminished*, only as per capita with the increase of the inhabitants of our country—such a measure of all internal values, with a revenue tariff of specific duties to be obtained from the smallest number of articles, that will give the amount needed for an economical government—such a national policy would introduce prosperity once more into the trade, commerce and finances of this country, etc.

August 6, 1877.

Real estate has depreciated to less than half of what it would have brought four years ago; much of it cannot be sold for any price, and mortgages of one-quarter its value, if foreclosed, swallow up the whole. The thriving and enterprising farmer of the West, especially, feels this rise in the value of money, as compared with labor or property. With the hardy toil of years, he has opened and improved his farm, and the comparative small loan, which laid but a light weight on the resources of his land in prosperous times, and with a sufficiency of money, is now threatening to swallow up the labor of his life! Even the banks and the loaning institutions, not being able to invest their money on "good securities," are embarrassed on both sides—the failure of their debtors, that throws so many of the securities on their hands, and makes "bonds and mortgages" a "glut in the market," and the difficulty of making any new loans or investments—so that money "goes a begging" at one and a half and two per cent.!

PATIENCE OF MONEYED MEN.

But these moneyed men are very patient; for they know that *money is appreciating in value all the time!* It may be now that loanable capital, on good security, is gathered largely in the moneyed centers, and much of it comparatively idle; but this is no great hardship to those that own the capital, in the presence of the fact, that money is *appreciating* in its relative value, while waiting for active investment. This is the secret why money seeks no active investment now, but only good security, or idleness. The country at large, its various industrial enterprises, and its labor, *are in want of money.* Is there any fact more obvious than this? Nor is it the rich that want money, but the poor, as a necessary condition for selling the labor which is their sole possession. Hence, to the poor man, *cheap money is equivalent to cheap bread.* Ever since 1865 this country has *been losing its* money.

During the last ten years, thousands of millions of money have been swallowed in government and railroad bonds and other securities, and in importations which, till lately, have far exceeded our exportations. It is a fact on record in the books of the United States Treasury, and by such authorities as Spaulding in his "History of the Currency," Mr. Maynard, Chairman of the Committee on Banking and Currency in Congress, and Spinner, Assistant-Secretary of the Treasury, that this country had, up to the year 1865, issued, in different forms of currency and treasury notes, current as money among the people, $2,192,395,527! This vast sum had, on the first of November, 1873, shrunk to $631,488,676. (See *Congressional Record*, March 31, 1874.)

In the year 1865 *there was in the hands of the people as a currency* $58 *per head; in* 1875 *the currency of all kinds was only a little more than* $17 *per head.*

You may call this currency a vast debt of the people, as it was in *money—every dollar of it.* It was paid by the government "for value received;" it was used by the people to pay their debts, to measure the value of their property, and, as your present Secretary of the Treasury said in his seat in the Senate, "*every citizen of the United States had conformed his business to the legal tender clause.*"

This currency was also the creature of law, and under the entire control of the government, but held in trust for the benefit of the people, as are all its functions. Was it either just or humane to allow $1,100,000,000 of this currency, a large part bearing no in-

terest, but paying labor, and fructifying every business enterprise to be absorbed into bonds in the space of eight years, bearing a heavy interest, of which the bondholder bore no share? (See Spaulding's "History of the Currency.") The government seemed to administer this vast currency, as if there were but one interest in the nation to be promoted, and that the profit of those, who desired to fund their money with the *greatest security*, and to make money scarce and of high rate of interest! *This is the issue of the hour; this is the battle of the people, and for the people, in which the present administration is called upon to declare which side it will take.* If this policy was unjust and ruinous at first, it is unjust and ruinous now. If it has led us from prosperity into adversity, the only course is *to retrace our steps*, to stop this funding, and give the people back their money, justly earned, and hardly won by toils, perils and sacrifices. This vast and life-giving currency has now gone irretrievably into bonds, and the bonds have gone largely abroad for importations, that have still further depressed the industry of our people, by buying abroad what we could and should have manufactured at home.

Though the influences, that are now working against the rights of labor and the true interests of a republican government, are insidious and concealed under plausible reasons, yet the danger to our free institutions now, is no less than in the inception of the rebellion, that shook our republic to its center. It is only another oligarchy, another enslaving power, that is asserting itself against the interest of the whole people. There is fast forming in this country, an aristocracy of wealth—the worst form of aristocracy that can curse the prosperity of any country. For such an aristocracy *has no country* —"absenteeism," living abroad, while they draw their income from the country, is one of its common characteristics. Such an aristocracy is without soul and without patriotism. Let us save our country from this, its most potent, and, as I hope, its last enemy. Let your fellow-citizens beseech you, Mr. President, to consider well what the crisis of the country demands of you and your political advisers, not losing sight of the fact, that there are great wrongs, which must be righted, in the administration of the finances of this country for the last twelve years. Old issues of North and South are, in a great measure, passing away, and that patriotism and far-sightedness, that has so far guided your administration, we hope and trust, will find a way to relieve the present distress of the country.

There is no section of our common country that needs so much the reviving influence of an abundant and a sound currency as the South. The Southern people have the finest natural resources our country affords; every facility for manufacture—the material, labor, and water-power indefinite. They need only money, wisely distributed among its working and enterprising population; and it was well said, lately, by one of the Southern statesmen, that the "*government had impoverished, discomfitted, and crushed the South more by its financial policy, since peace was declared, than by its arms during the whole war of rebellion!*"

If the people can look for no relief from the present Congress and Administration—if those, who now sway the financial interests of the country, cannot see their great opportunity—then *new men* must be chosen by the people, whom they can trust to make laws and execute measures, that "shall secure the blessings of liberty to themselves and their posterity."

I appeal from those, who seem insensible to the cry of the people, to the people themselves. I appeal from the political parties, organized to control the government, and distribute the offices and emoluments of office, to the great industrial classes, who are organized to protect their interests and obtain some recognition of their rights from the government. Let them substitute co-operation for "strikes," and unite to save themselves and the country from the present disaster and distress to all the industrial classes. Let no man think of the bullet, while he has the ballot in his hand. It needs but the use of that simple instrument of political power to rectify all our discontents and social evils, for Webster tells us: "power was given to Congress over the currency and over the money of the country."

Let us have our national currency duly honored; let us take the testimony of the nation's experience, and that of other countries, as to what such currency can do for our prosperity; let the gold par be reached by rendering our currency of higher and indispensable uses, as now exemplified in France, and not by contracting its amount; and let its volume and its value be determined by the *interconvertible* bond, placed at the disposal of the wants of the people and governed by all the forms and sanctities of law; and not surrender the currency to the ever-changing basis of a commodity like gold—and we shall have peace on this question. "Justice will be established and the general welfare promoted;" prosperity again will re-visit us,

and we shall vindicate the wisdom and superiority of our free institutions before the world.

France, with her 600,000,000 of legal paper, has kept her industries profitably employed by keeping her paper receivable for all forms of *taxes, duties*, and *debts*.

My views upon the currency I have heretofore briefly expressed as follows:

The worth or exchangeable value of gold is as uncertain as other products of human labor, such as wheat or cotton. The exchangeable value of anything depends on its *convertibility into something else*, that has value *at the option of the individual*. This rule applies to paper money as to anything else. But how shall government give an exchangeable value to a paper currency? Can it be done by a standard, which is beyond its control and which naturally fluctuates, while the sign of exchange, indicated by the paper, remains the same?

This is the unsound theory, which possesses the minds of our people and of our politicians.

We must cut loose from this unreasonable theory, or we shall be subject, for all time, to these periodic disturbances of our currency, which bring such wide-spread ruin and distress to our commercial industries, and work, on the part of the government, *positive and cruel injustice*. The remedy seems to me to be very plain:

First. We must put this whole power of coining money or issuing currency, as Thomas Jefferson says, "where, by the Constitution, it properly belongs"—entirely into the hands of the government. That government is a republic, hence it is under the control of the people. Corporations and states have hitherto, in some form or other, divided this power with the government. Hence come the embarrassments and the fluctuations, as may be easily shown.

But now we must trust our government with this *whole function* of providing the standards and measures of exchange, as we trust it with the weights and measures of trade. So far from putting the people in the power of our government, and at the caprice of parties in power, I contend it will bring the government more under control of the people and give a check to mere party rule. For the more stake the people have in the wisdom and honesty of the government, the more watchful and firm they will be in its control.

Secondly. We must require the government to make this currency, at all times, and, at the option of the individual, *convertible*.

But the currency must be convertible into something, over which the government has entire control, and to which it can give a definite as well as a permanent value. Such are its treasury notes and *interest-bearing bonds*. These are, in fact, a mortgage upon the embodied wealth of the whole country. The reality of their value is as sound and as permanent as the government itself, and the degree of their value can be determined exactly by the rate of interest the government may think proper to fix.

The time has come, when the claims of a common humanity, and all that can move the manhood of an American citizen, must unite in a demand for an act of common justice, now due to the American people, who have saved our country from ruin, and will, I trust, forever protect it. The Constitution has made it the first and most important duty of Congress "to establish *justice, insure domestic tranquillity, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity.*"

In all I have written and quoted from writings of others, my object has been to impress on the minds of the American people the unmeasured importance of a strict compliance with the letter and spirit of a Constitution that requires the establishment of justice, based on a *national currency as unfluctuating as possible*, which alone can guarantee to this great and glorious country a republican form of government, with the blessings of liberty secured to ourselves and our posterity.

To complete this appeal to my countrymen, I add the following system of finance, devised by the veteran financier, Silas M. Stilwell, author of the beneficent "Stilwell act," and father of our "Greenbacks," wrongly attributed to Secretary Chase.*

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* As stated by Edward Jordon, Esq., private secretary and confidential friend of Chief Justice Chase, to a reporter of the New York *Graphic*, September 21, 1878.

"THE CAUSE AND CURE

OF

NATIONAL AND INDIVIDUAL DISTRESS IN THE UNITED STATES.

"*To the Producing Classes in the Union:*

"The great oppression you feel to-day is produced by *Debt* and its unfailing attendant, interest or usury.

"The question most *vital* to the material interests of the people is: 'How shall we get *relief* from the burden of debt and taxation?'

"The distinction made by law between *convertible and inconvertible* property, is the great objection to debt and credit.

"All property is directly or indirectly the product of labor, and would be equally convertible, if the laws did not make an *arbitrary* distinction.

"Money is always in a *convertible* condition, and will pay all debts. Other property is *not* so convertible, and will *not* be received in payment of a debt.

"An increase in the *volume of money* is the only remedy for our present grievances.—Debtors with *inconvertible* property are everywhere, while monopolists and *non*-producers hold all the money.

"A debt of one thousand dollars will, and often does, take by force from the debtor, a farm, house, or other property that has cost the owner *ten* thousand dollars.

"*Debt, Debt is everywhere,* and can be paid only with *money!*

"It has been incurred by States, cities, counties, towns, villages, corporations and individuals to an amount fearful to contemplate.

"Nine-tenths of the unproductive real estate in our country is *totally* unsalable, and will not bring, at public auction, the *tax charged* upon it.

"This mighty and *ghastly incubus* must be removed.

"It is the '*nightmare,*' that sits upon and robs the debtor and producer of rest and sleep, and the citizen of his birthright, 'Life, liberty, and the pursuit of happiness.'

"We have a *right* to repeal the obnoxious law, that makes one thing *convertible* and another *inconvertible;* but, at this time, we

propose to change it, so far *only* as to *increase* the *volume* of money, and pay the debts of the people through the agency of the States.

"*Our plan is brief and plain:*

"By an estimate carefully made, we learn that the lawful currency of our country in time of peace and general prosperity, in a population of fifty or sixty millions, should *not be less* than *two thousand millions* of dollars for *permanent domestic use*, in *local* trade and commerce among our people.

"The great *credit* we now enjoy as a nation, is produced by the '*peaceful Union*' of these States. Therefore, we propose to appropriate a part of this *credit* to the direct benefit and pecuniary relief of the States and people, who have produced this '*peaceful Union.*'

"The power to produce money or tokens of *legal value* out of anything, is the exclusive right and duty of Congress.

"In countries where *education*, *character*, *credit*, and *civilization* are NOT known, the authorities coin and circulate *metal*, according to a standard of *metal* value. But where *civilization*, *education*, and *good* government are found, we use *credit*, as and for money, in the place of an expensive and cumbersome *metal*.

"By using *credit* as money instead of *metal*, we save the interest on *two* thousand millions of dollars in currency.

"And as money is a *continuous necessity* in all our States, and cannot be dispensed with or reduced in volume without great loss to the people, there is no demand for a *redemption* fund, and will be none as long as the nation exists. Thus it is, that this vast sum of money in greenbacks will bear *no interest* and require *no redemption* fund. This is the logical reward for a '*peaceful Union.*'

"*This sum of money in greenbacks we propose to divide among the several States of this Union according to population.*

"This plan and proposition will be not only a *just*, but a graceful act. It will do more to harmonize and fraternize the feelings of the people of the whole Union, than any other legislation can do. It will be 'killing the fatted calf.' It will restore to the people the money they earned and accumulated during the war, and which was unjustly taken from them.

"A feeling of *relief* from debt will be *pleasant* to all, and, as it will be the effect and result of the '*peaceful Union*' of these States, each one and all will rejoice, that the Union has produced such happy consequences.

"As this money will not be a loan, but a *free "constitutional" gift* from the people to the people, it should be so divided among the States, that every citizen should represent an integral part of the whole sum.

"The States should be required to pay all State and municipal debts, before appropriating the money to any other purpose.

"In connection with the delivery of this sum of money to the States, each State should be required to enact laws, that shall reduce the rate of interest to four or five per cent., and prohibit every State and every municipal body, created by the States, to contract any *bonded* debt.

"To encourage cash payments and discourage the creation of debts, a law should be passed declaring, that after this plan of finance shall be approved, *all* new debts shall be debts of *honor only*, and no court shall have power to enforce the payment of such debts.

"This *politico*-financial system will be acceptable to every patriotic, good, and wise person in the Union, and will be strenuously opposed by monopolists, usurers and their partisans.

"By this great scientific plan *all* our States and people will feel the value and beneficence of a '*peaceful Union*' and be relieved from debt without the payment of *one dollar;* while every creditor will be paid in money without *loss* of principal or interest.

"The payment of State and municipal debt will set free an enormous amount of capital, which will seek reinvestment, and not only reduce the rate of interest, but will enter into all the business enterprises of the country, that are now languishing for want of capital.

"In this plan we claim for the States and people, from the *federal power*, the *exclusive* use of the *right* to create a currency for the people—NOTHING MORE.

"As this currency is for *domestic* use *only*, it is proper that the people should be allowed to choose the *kind* of money they will employ in daily transactions. None but monopolists and usurers would deny them this right.

"This plan is so plain and practical, that we place it before you in the shape of a question, thus:

"Will you use greenbacks for all *domestic* purposes, as and for money, and have your *debts paid* for you,—or will you refuse the greenbacks, and remain burdened with debt and taxation?"

I believe this system, enacted into law by the next Congress,

would cause our country to enter upon an unparalleled career of prosperity, secure our free institutions for ever, and stimulate other nations to imitate our example in finance and republican forms of government.

Most respectfully,

PETER COOPER.

P.S.—Should any reader of the preceding pages misunderstand my wishes, let me state them in concise language. I desire:—

First. A national paper currency, issued solely by the government, and made the only legal tender, receivable for all taxes and dues, and fundable at any time for an equitable rate of interest, by being made *interconvertible* with the bonds of the government.

The *volume* of this currency must be determined by law, as *per capita.*

Second. A tariff not simply for revenue, but made *discriminating* and helpful to all the industries of the country, where the raw material and the labor can be furnished by our own people.

Third. A "civil service," divorced from party politics, and organized for the public service, as are the departments of the army or navy, purely on personal qualification and thorough fitness. The offices to be held during good behavior, on *moderate salaries*, but pensions provided for all disqualified by age or sickness, and a provision made for the widows and orphans.

ADDENDA.

All those, who favor a purely national currency, must rejoice to find expressions like these in Secretary Sherman's letter to the Bankers' Association, at Saratoga, August, 12, 1880:

"*The wisdom of the Sub-Treasury system, established in* 1846, *is not to-day questioned by any one, etc. . . . . Every country should have not only a sound and uniform currency, but should have of it such an amount as its business may require, etc.*" . . . .

These ideas show, that the Hon. Secretary has not entirely changed and abandoned the opinions he uttered on contraction in the Senate 1869, as quoted pp. 32 and 33,—and that he may yet aid the real patriots to establish a purely national paper currency, as proposed in the preceding pages, thus giving to the

nation all the benefit granted by the Constitution, and not to a few bankers and capitalists, who can at any time expand and contract the national currency, and thus derange the business operations of the whole country.

This letter indicates that the Secretary has no settled ideas concerning finance. Perhaps, while he was writing it, he remembered his solemn declaration to the Senate, that "*every citizen in the United States had conformed his business to the legal tender clause,*" and that contraction "*would be an act of folly without an example of evil in modern times.*"